



Senator Herlihy with Governor M. Jodi Rell

Electric Reliability in Connecticut

The state of Connecticut has the dubious distinction of having the highest electrical rates in all of New England. In fact, the Federal Energy Regulatory Commission (FERC) has named the southwest Connecticut area of New England the most likely area to cause a blackout. The major reason for this is that the southwest portion of our state is facing a severe congestion problem. There are over 400 miles of transmission lines in Connecticut and hardly any of those lines are located in the Fairfield County region. Yet that is the same part of the state that has fought for years against the establishment of new power lines. This has placed a heavy burden on our area of the state.

To make matters worse, the Connecticut Department of Public Utility Control (DPUC) is planning to charge all state electric ratepayers for the transmission problems occurring in southwestern Connecticut. This is why I am fighting for legislation that aims to bring about a fairer apportionment of electric utility costs to ratepayers throughout Connecticut.

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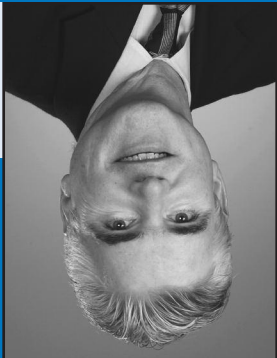
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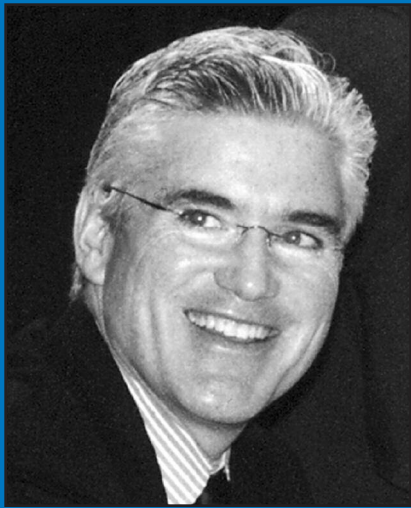
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State Senator

Thomas J. Herlihy

Dear Neighbor,

The 2005 Session of the Connecticut General Assembly is underway. There is a debate stirring here in Connecticut as to why electric ratepayers from our region of the state are paying for costs attributed to Fairfield County and surrounding southwestern towns. That area of our state has had a long history of fighting against critically needed overhead transmission line upgrades.

Plans to cover costs caused by the electric congestion problems of the southwestern region of the state could cost all of Connecticut's 2 million ratepayers well over \$300 million this year, \$600 million next year, and billions of dollars before the end of the decade. That figure does not include the proposed \$1 billion plus upgrade to the Norwalk to Middletown transmission line.

Please take a moment to read this brochure that details my plan to bring about a fairer apportionment of electric utility costs to ratepayers in Connecticut.

Sincerely,

State Senator
8th District

The Problem

Ratepayers in northern Connecticut have certainly taken note of increased electric bills. The realization that these increases are due to federally mandated charges caused by the reliability problem in one region of the state is disconcerting. Based on arguments and analysis provided by the Federal Energy Regulatory Commission (FERC), the Independent System Operator (ISO) for New England, and Connecticut Light & Power Co, residents may be subsidizing southwest Connecticut residential ratepayers by as much as \$150 per year, small business owners by \$500 per year and large towns, cities and industrial ratepayers by as much as \$5,000 to \$15,000 per year based on their amount of use.

The Solution

The state of Connecticut needs to rethink the manner in which our electric utilities are subsidized. The state of Massachusetts has created a system that directly deals with congestion problems in the Boston area. Under the Massachusetts plan, three separate electric zones were created throughout the entire state with the Boston zone paying more for electricity because of the congestion problems in that area.

If separate electric rate zones were created here in Connecticut, it would help relieve areas of the state which for years have allowed these intrusive power lines in their communities from yet another burden. My legislation would call for the DPUC to create two separate rate zones in Connecticut. The establishment of two zones would allocate federally mandated electric transmission congestion costs to consumers in the zone where the costs arise. In addition, the legislation specifically points out that the cost of any new transmission project in one part of the state would not be socialized throughout the entire state.

The Reason

Residents from our region of the state were told that the big, unsightly 345-kV transmission lines were absolutely critical to the electrical infrastructure of our state. We were told that without a reliable electric grid, state business and industry would suffer and new business and industry would be less likely to settle here. That was a risk that we weren't willing to take and therefore allowed the unsightly transmission lines to be built in order to secure our electric reliability and save our region and our state from economic ruin.

The people of northwestern and north central Connecticut have done their part to ensure Connecticut's electric reliability, but the DPUC remains steadfast in their plan to socialize costs throughout the state. While DPUC sees the electric congestion problems of southwest Connecticut as a statewide problem, FERC sees it as a local problem. FERC's theory follows a theme that my high school economics taught me years ago. He said that people do not pay attention to a problem until it affects their wallets. FERC reasons that electric reliability problems won't get addressed unless you localize the cost to the problem area, or in our case to the problem state. FERC does not believe a town in one state should subsidize a town in another state. Yet, if you apply this economic theory within our own state, then people in Torrington, Simsbury and Hartland must wonder why they should have to pay for such problems in Westport. Having separate electric rate zones would eliminate those concerns.

Senator Herlihy receives an award for Outstanding Service from the CT School Counselors Association; pictured here with (L - R) Marlene Silano and Dee Adorno

